

BRICS: numbers and facts

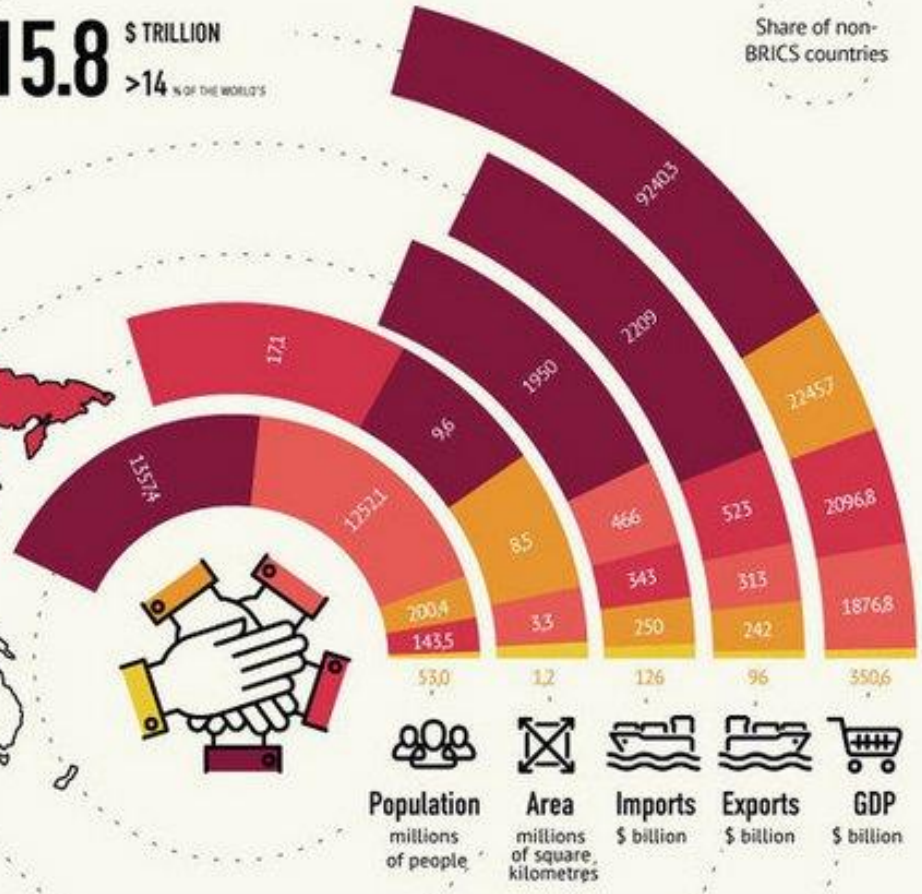
Brazil South Africa India China Russia

Population
2.88 BILLION OF PEOPLE
 42% OF THE WORLD'S

Area
39.7 MILLIONS OF SQUARE KILOMETRES
 26% OF THE WORLD'S

GDP
15.8 \$ TRILLION
 >14% OF THE WORLD'S

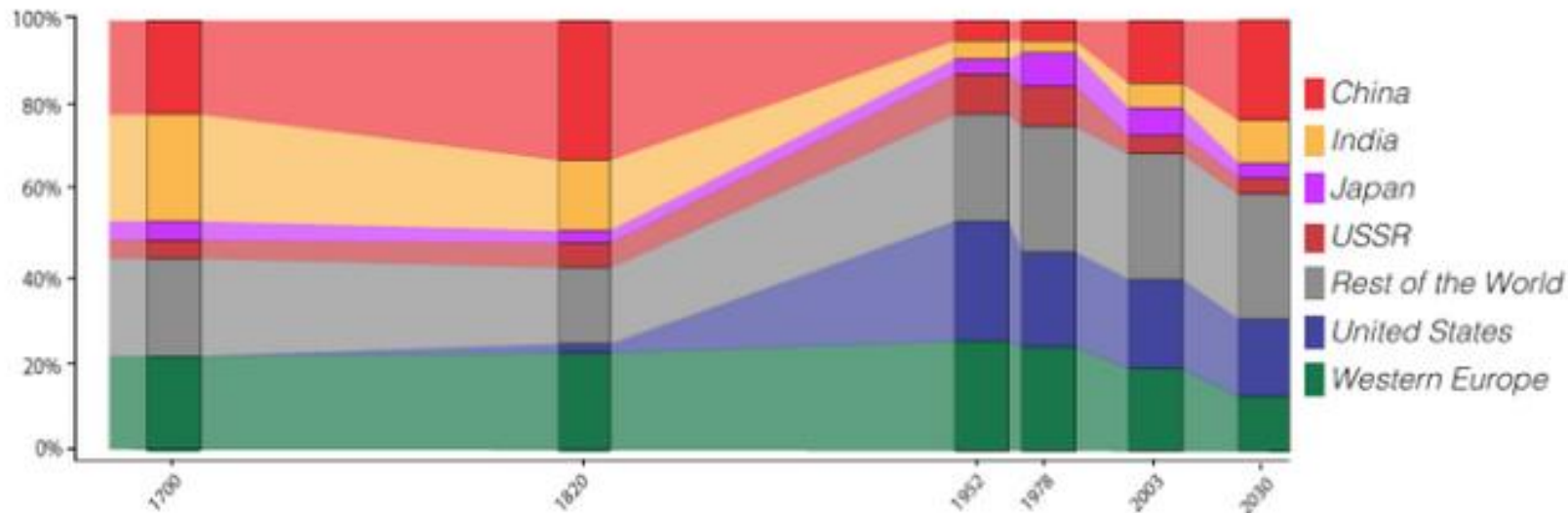
Share of non-BRICS countries



Population millions of people
 Area millions of square kilometres
 Imports \$ billion
 Exports \$ billion
 GDP \$ billion

Introduction

- Chinese civilisation was the leading economic, political and cultural power in the world for thousands of years, supplying a quarter, or at times a third of all production (Maddison, 2001).
- Moreover, numerous technical and cultural inventions have their origins in China.
- This superior position was broken by the colonisation activities of western powers in the 19th century, followed by a civil war and then communism in the 20th century.



Share of world GDP (% of world total), 1700 – 2030

Image: Our World in Data



Basic facts about China 1.



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- China covers the majority of Central and Eastern Asia.
- The 4th largest country in the world; from the Amur river in the North to Hainan Island in the South.
- varied topography and a diverse climate
- highest point: Mount Everest
- The surface of the country is dominated by the Eurasian mountains (Himalayas, Altai) and the foothills of the Variscan orogeny (Tien Shan, Pamir).
- two vast plains (the China Plain and the Manchu Basin) and a number of significant river valleys (the Yellow river, Yangtze, Amur and Pearl river) in the country.

Status	People's Republic, administrative units: 23 provinces, 4 autonomous regions, 5 municipalities
Capital	Beijing (16.44 million inhabitants)
Area	9,640,821 sq. km (4 th largest)
Population	1,371,220 thousand (the most populous)
Population density	146.06 people/km ²

Source: edited by the authors, based on World Bank data

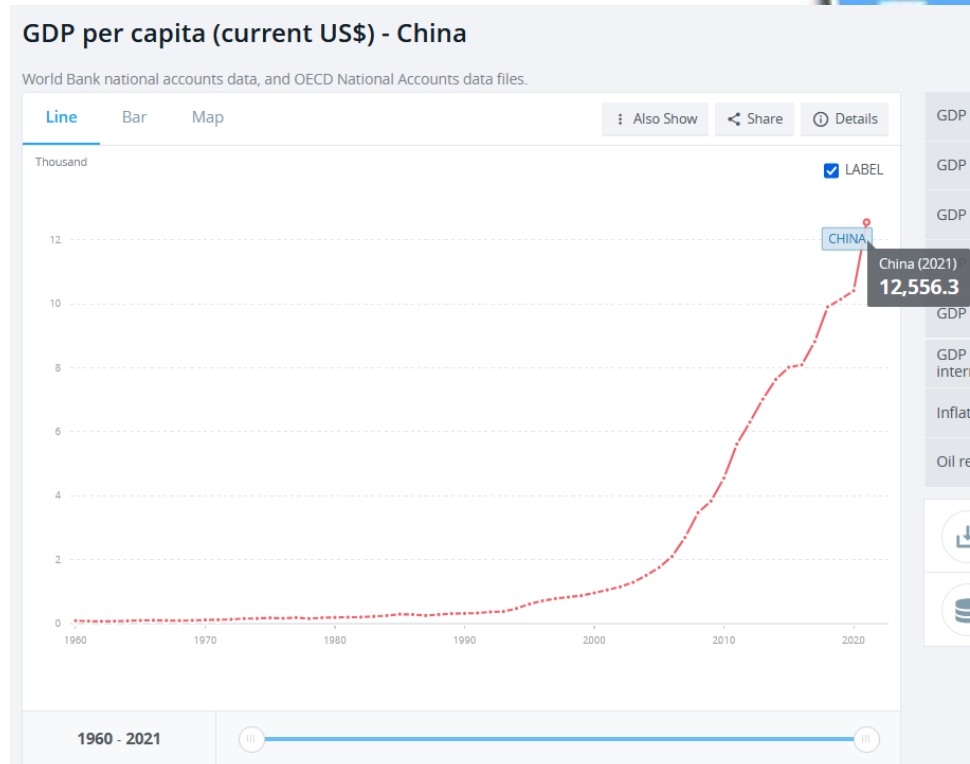
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Basic facts about China 2.

- During the past three decades: Gross Domestic Product increased by 9.62% per annum on average.
 - most heavily populated country in the world, with the second largest economy (according to GDP),
 - the greatest amount of exports, the biggest inflows of FDI,
 - and is the greatest carbon-dioxide emitter in the world .

GDP per capita (current USD)

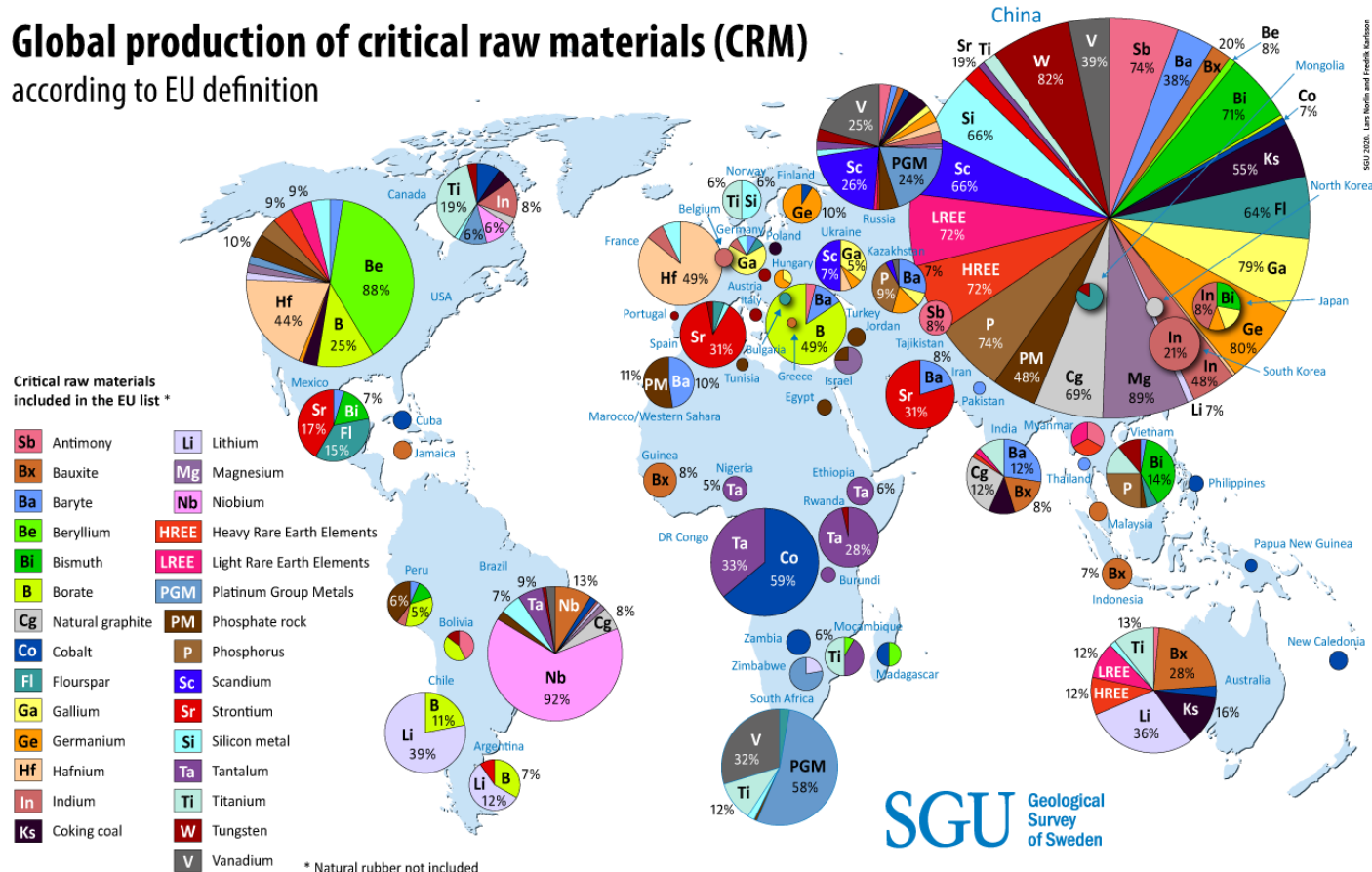
Source: World Bank 2022



Natural resources

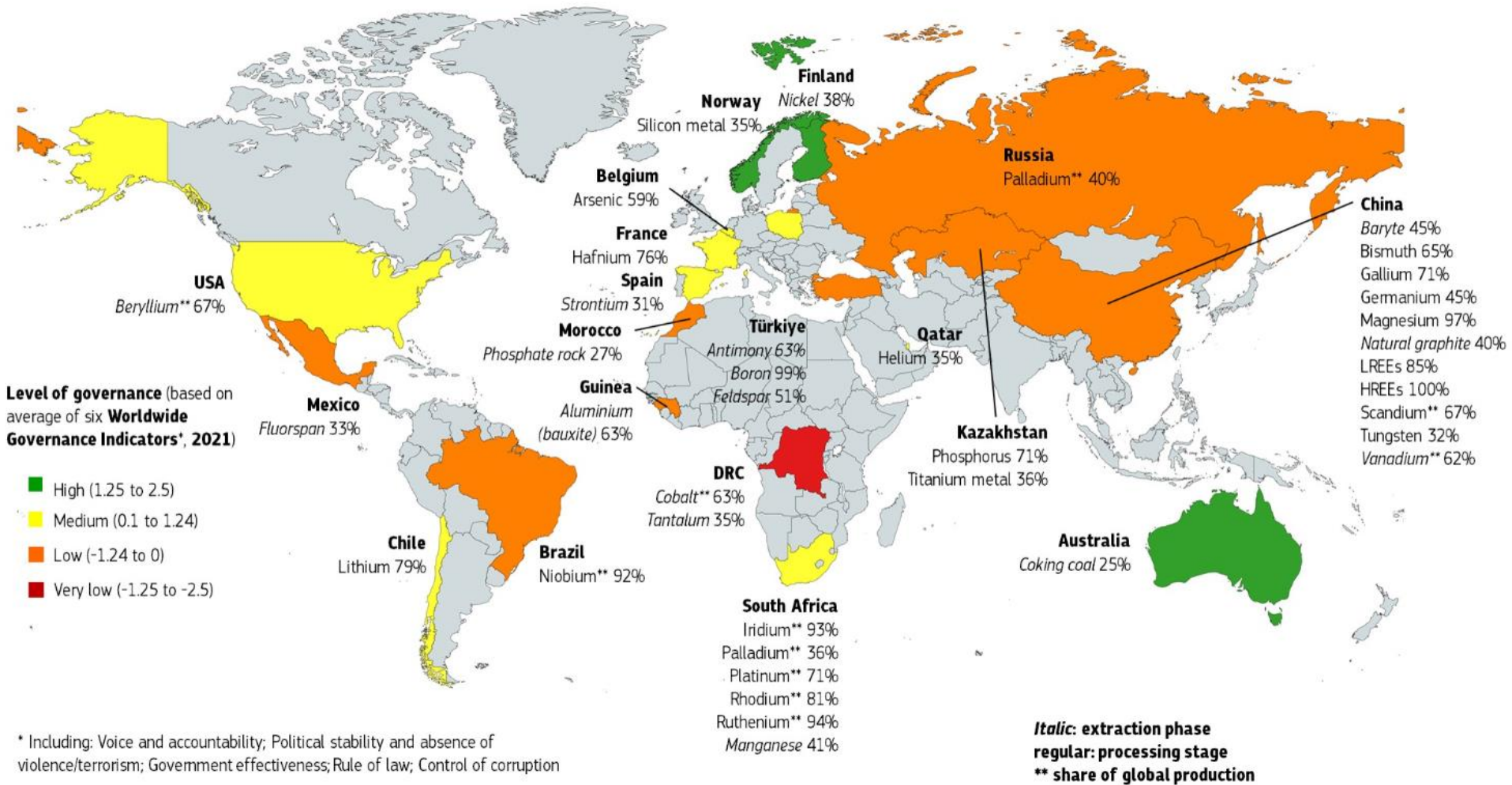
- top producer of iron, lead, mercury, zinc ore and coal in the world
- dominant share (95%) of so-called ‘rare earth metals’.
- noble metals (gold, silver and copper) it takes third place

Global production of critical raw materials (CRM) according to EU definition

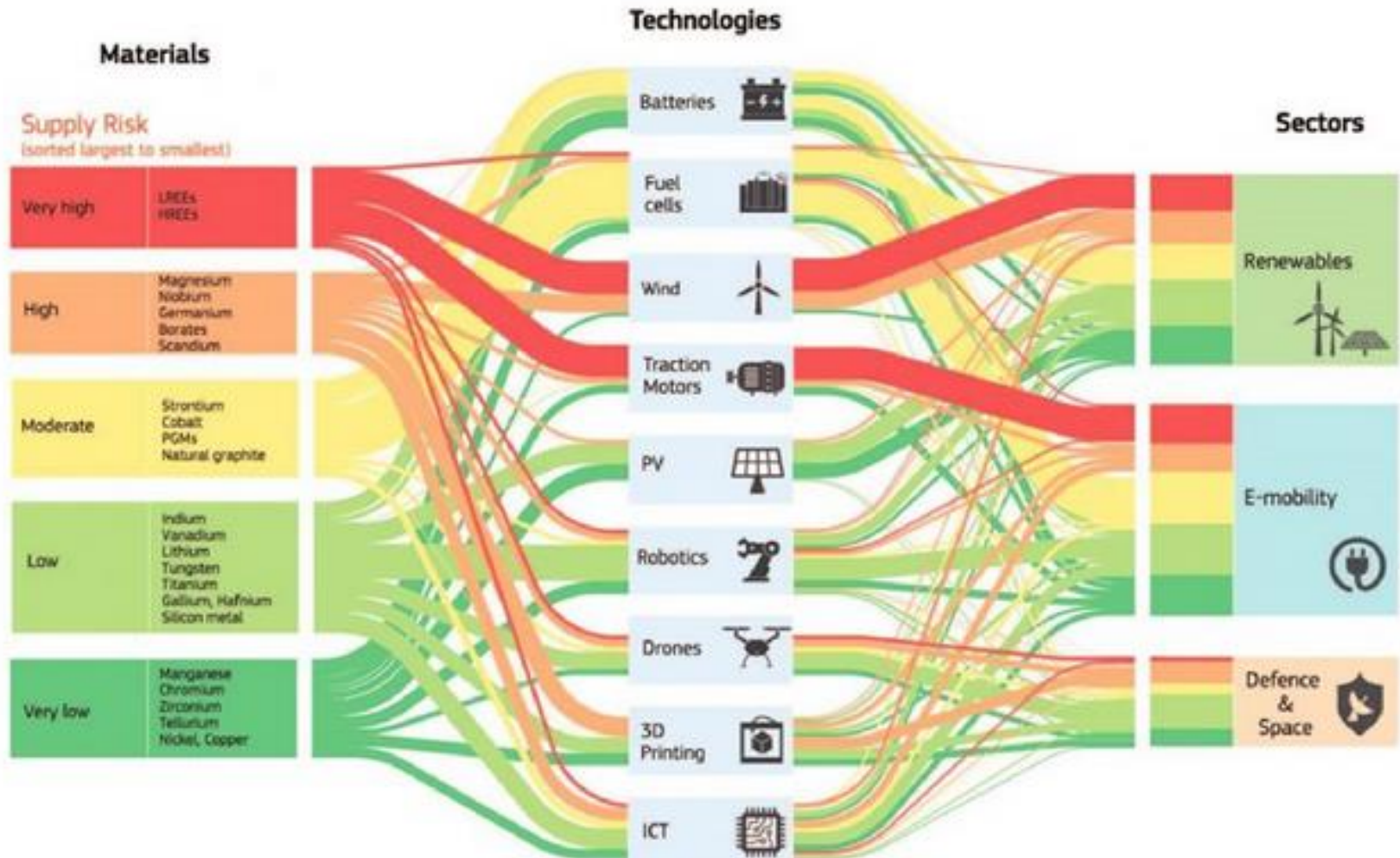


Dependencies

Major EU suppliers of CRMs (2023) and their level of governance

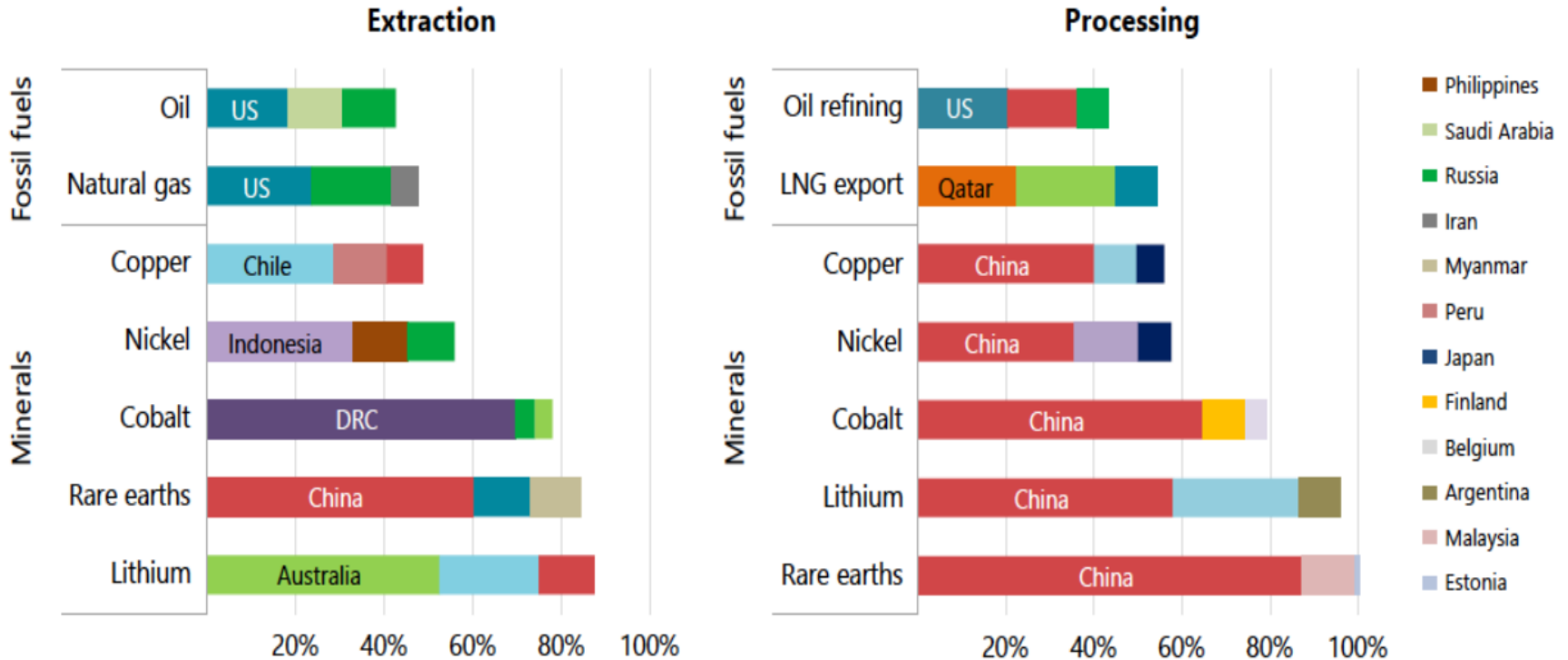


CRMs in the production chain



Many raw materials supply chains lack diversity

Share of top three producing countries of selected minerals and fossil fuels (IEA, 2021)



Extraction and processing of some minerals are geographically concentrated with the three top producers accounting for more than 75% of supply (Lithium, cobalt and some rare earth metals)

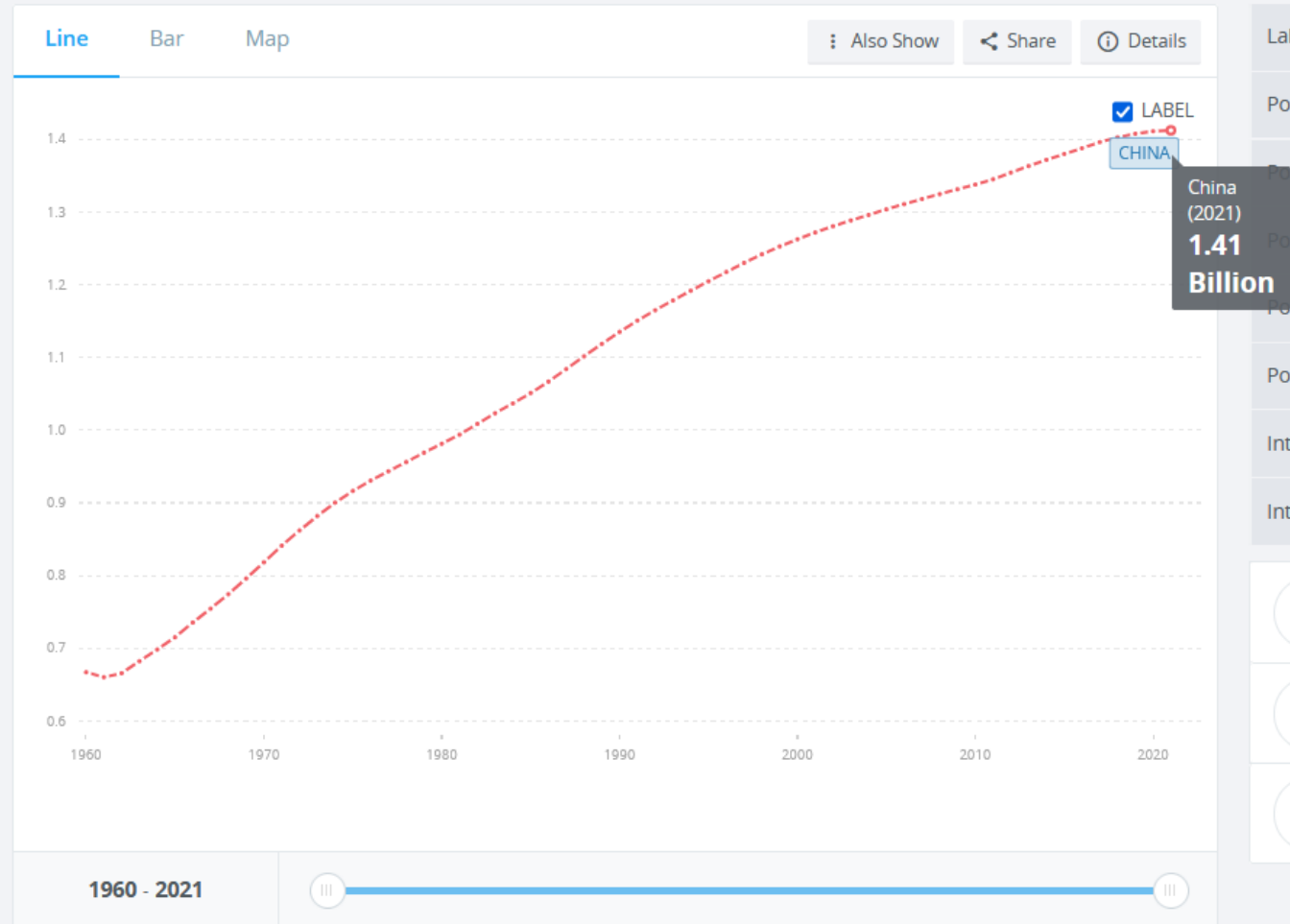
Population

- In 2015: 1,371,220 thousand inhabitants (one fifth of the world's entire population); doubled during the last 50 years
- 'one family, one child' policy (now: low fertility rate, 1.47 children per mother; The Economist) → 2018. end
- gender balance of younger generation: significant 'surplus' of boys
- life expectancy improved: 76.7 years in 2018 compared to 43.8 years back in 1960
- Not homogeneous ethnically: nine tenths belongs to the Han ethnic group, but there are another 56 ethnic groups living in the country
- official language: Mandarin Chinese (used by approx. 70%)
- About 60% of the population do not follow any kind of religion (But! Buddhism and Taoism) – Dalai lama

China's population (1960-2021; billion)

Population, total - China

(1) United Nations Population Division. World Population Prospects: 2019 Revision. (2) Census reports and other statistical publications from national statistical offices, (3) Eurostat: Demographic Statistics, (4) United Nations Statistical Division. Population and Vital Statistics Reprint (various years), (5) U.S. Census Bureau: International Database, and (6) Secretariat of the Pacific Community: Statistics and Demography Programme.



Urbanization

- relatively low average population density (146 people/km²)
- significant differences in geographical distribution
- Tibet, Inner Mongolia, Uighur region: rare, East coast: highly populated
- dynamically increasing urban population (in 1960: 16%, in 2015: 55.6%)
- 14 cities with over 5 million inhabitants
- 79 other cities with a population of over 1 million

	City	Inhabitants (census 2010)
1	Shanghai	20,217,748
2	Beijing	16,446,857
3	Guangzhou	10,641,408
4	Shenzhen	10,358,381
5	Tianjin	9,290,263
6	Wuhan	7,541,527
7	Dongguan	7,271,322
8	Foshan	6,771,895
9	Chengdu	6,316,922
10	Chongqing	6,263,790
11	Nanjing	5,827,888
12	Shenyang	5,718,232
13	Xi'an	5,206,253
14	Hangzhou	5,162,093

Source: edited by the authors,
based on Citypopulation data



The early stages of the development of the Chinese economy (from 1949 to the Open Doors Policy)

- 1st phase: 1949-1957 – soviet model
 - After 1950: political, social and economic relations fundamentally changed. In 1954, the National People’s Congress was established and this took the place of the Parliament. Factories, banks and infrastructure became nationalised.
 - The first five-year plan: in 1953 to spectacularly increase (double) industrial production. The “Great Leap Forward” policy: in 1958; a forced attempt to modernise the country and intensify production.
 - Rapid industrialization
 - Collectivization
 - Country from an agrarian economy into a socialist society
 - Private farming was prohibited → agricultural collectives



2nd phase

- 2nd phase: 1958-1976 – maoism:
 - Development in every economic area
 - Mass mobilization
 - Politics has a leading role
 - decentralization
 - Mao Zedong led Cultural Revolution: between 1966 and 1976.
 - The *Four Olds* were *Old Customs*, *Old Culture*, *Old Habits*, and *Old Ideas* → One of the stated goals was to bring an end to the *Four Olds*.
 - The socialist transformation and the development of China enjoyed the total financial and ideological support of the Soviet Union, in the 50s.
 - The USA changed strategy in the 1970s. Policy of “open doors” was launched (so-called “ping-pong diplomacy”), which subsequently reduced China’s international isolation, putting democratic China (Taiwan) in a disadvantaged position.

China's economic development as a result of the Open Door Policy 1.

- 3rd phase: 1978 -
- Deng Xiaoping
- ensure security of food supply (in order to reduce starvation and poverty)
- attract foreign investors: 4 coastal cities (areas) were opened to foreign investors in 1980, and another 14 in 1984. Special Economic Zones (SEZ).
- 4 modernization: agricultural sector, industry, military, science-technology



Source: http://1.bp.blogspot.com/-uTLAvPaJaW4/UA-d3_-iGQI/AAAAAAAAAB8Y/aoSpf0p3kS0/s1600/china_SEZ.png

China's economic development as a result of the Open Door Policy 2.

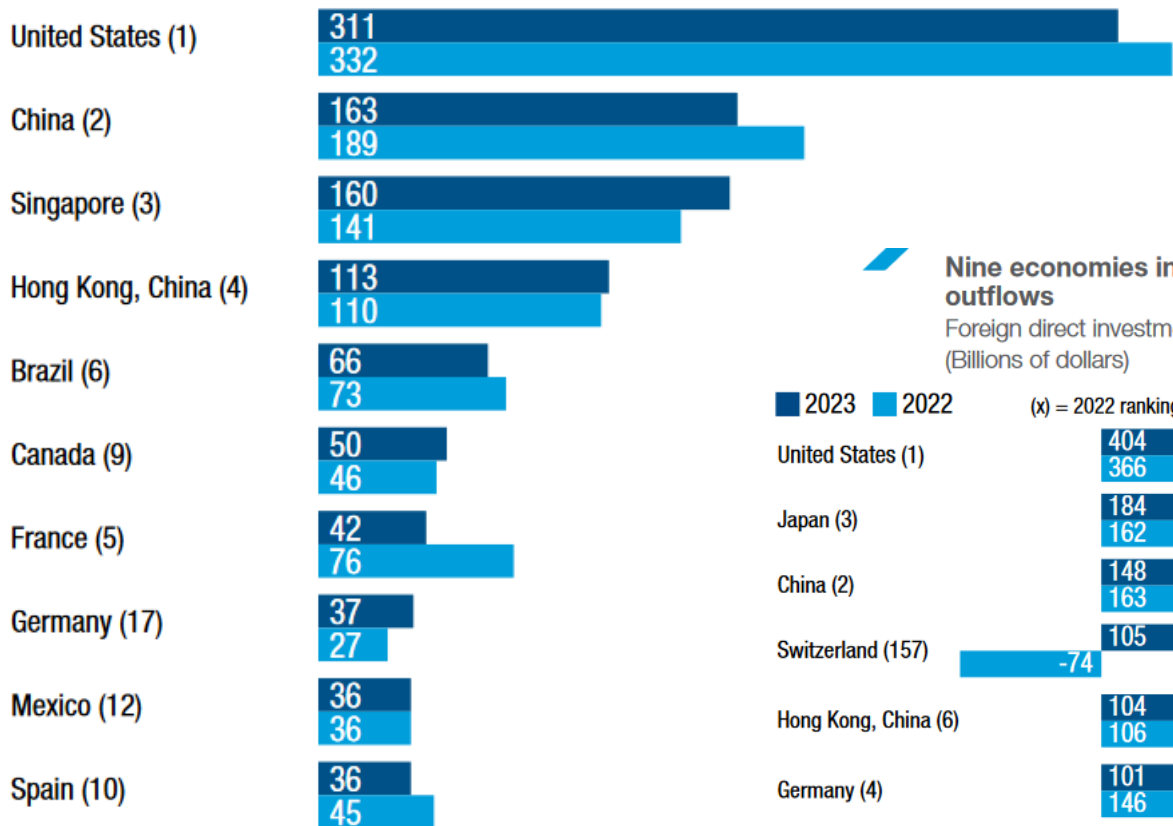
- Objective: to reduce bureaucracy and state control in order to provide limited freedom in relation to ownership of private property and market activities.
- 1984: ongoing urbanisation and the concentration of economic activities
 - Supporting the urban areas
- 1987. socialist market economy
- Political unrest in Beijing: Tiananmen Square protests and the massacre of 1989 affirmed that politics and society were unable to adjust to the speedy changes in the economy.
- Despite social difficulties the spectacular economic growth of China continued and even increased during the 90s.
- 1992. 2nd phase of Open Door Policy → complex reforms
- 1994. reform in the bank-system
- 1997. Hong-Kong returns to China
- 2001. join to WTO
- There were basically two external factors which stimulated this growth:
 - foreign direct investment (FDI),
 - growing consumer demand generated by foreign markets, which China was able to satisfy by increasing its exports.

Inflows declined in more than half of the top 20 recipients

Foreign direct investment inflows, top 20 host economies

(Billions of dollars)

■ 2023 ■ 2022 (x) = 2022 ranking

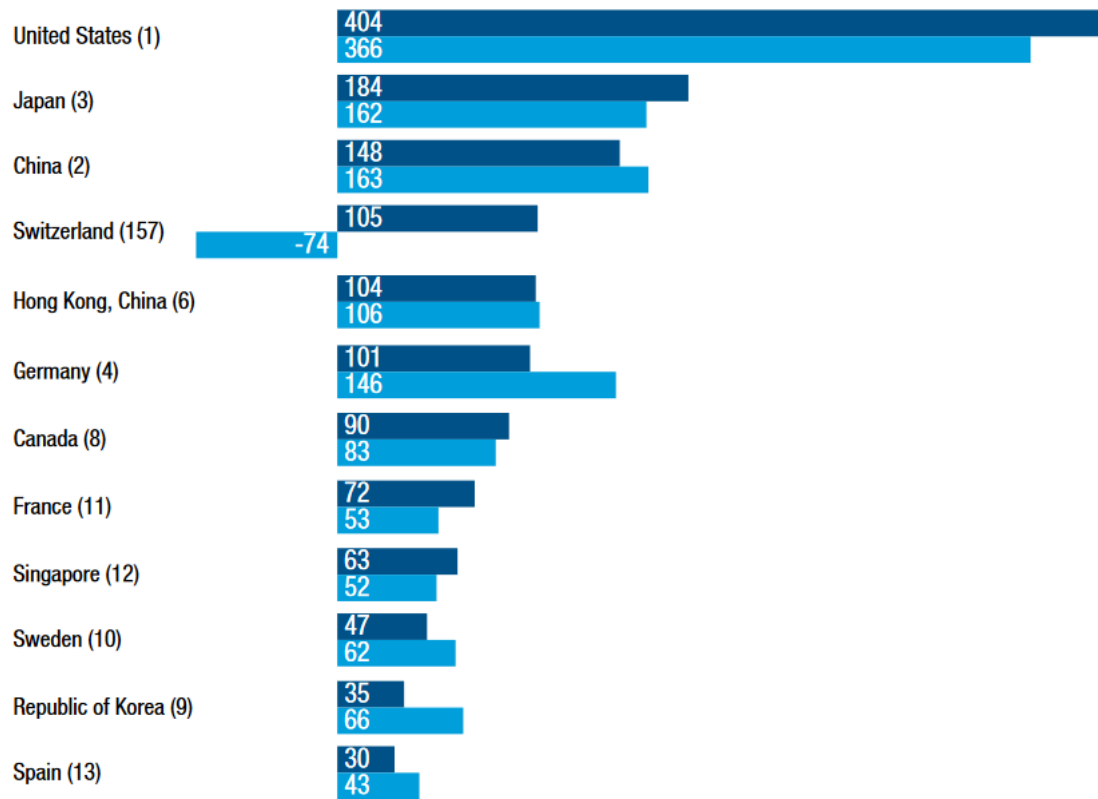


Nine economies in Asia are among the top 20 home economies of outflows

Foreign direct investment outflows, top 20 home economies

(Billions of dollars)

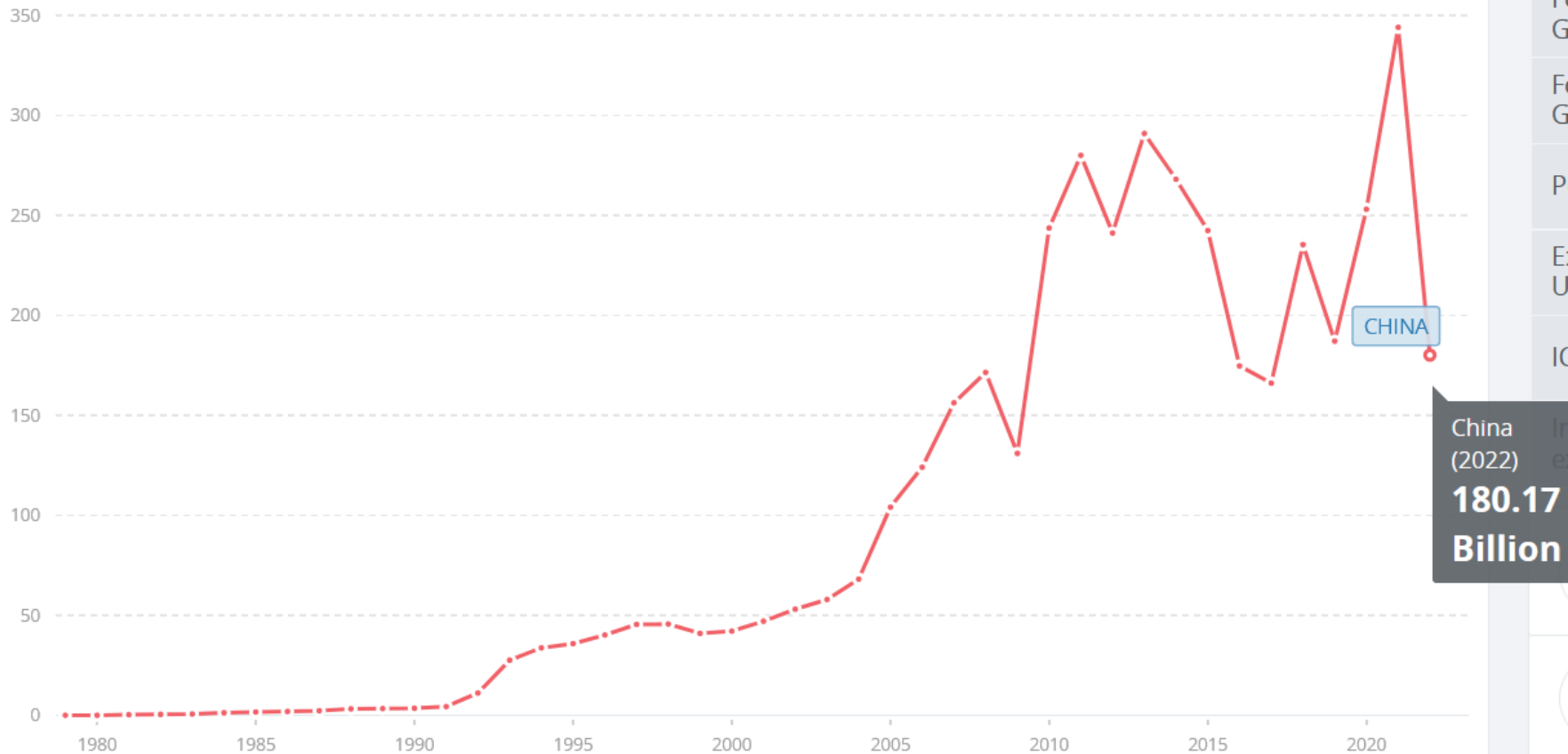
■ 2023 ■ 2022 (x) = 2022 ranking



The role of FDI 1.



- The construction and modernisation of the “socialist market economy” was funded by foreign capital which increasingly flowed into the country. Trends duly reflected world economic cycles (depressions in 2001 and 2008, following crisis years). China has become one of the most important targets for investment in the world in the period 2009-2011.





The role of FDI 2.

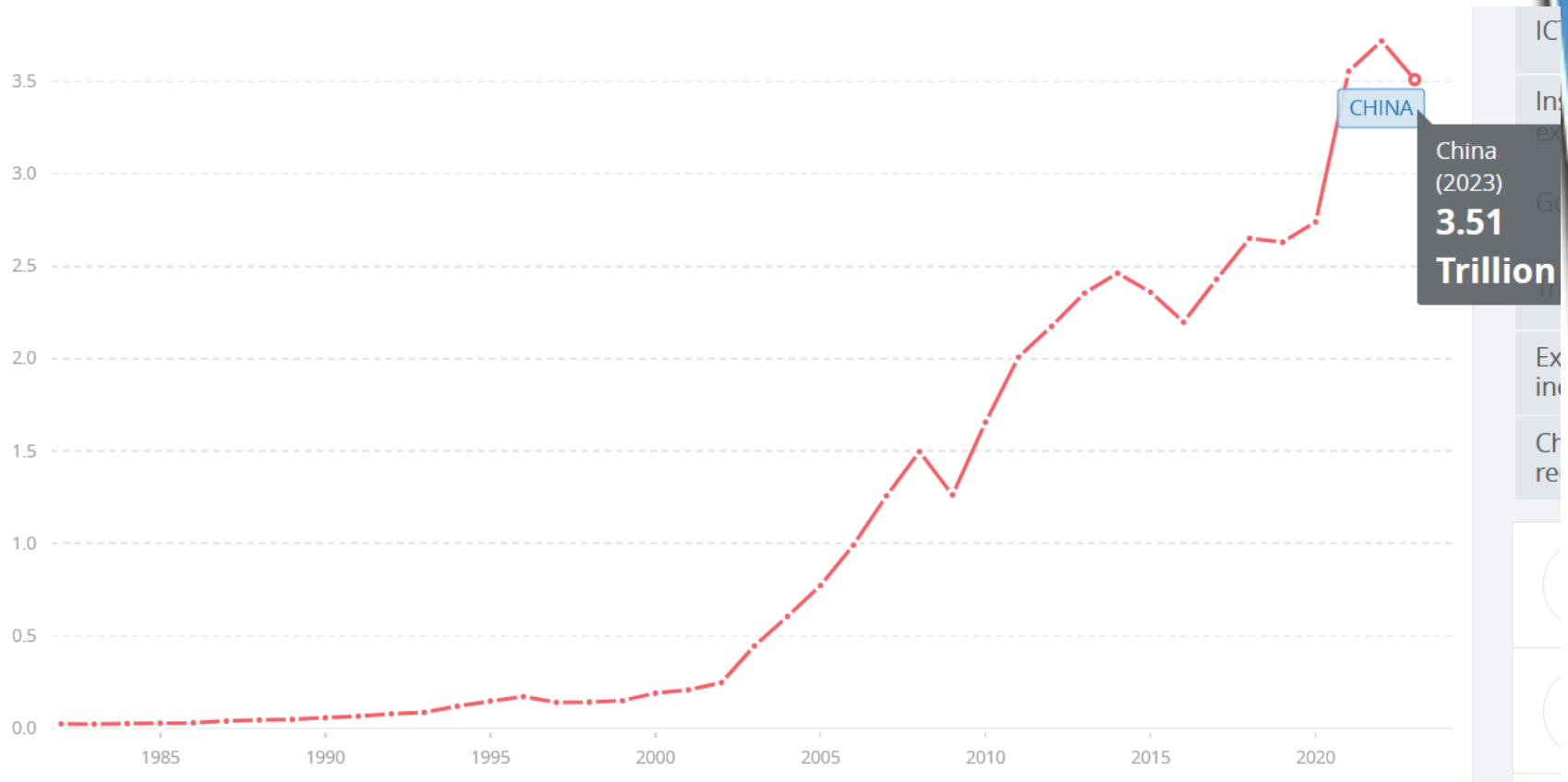
- More than 50% of it is provided by the Chinese Diaspora; i.e. Chinese people who live abroad, who wish to invest their reserves or profits in the motherland.
- Foreign investors have been attracted to China mainly by its abundantly available cheap labour force.

FDI inflow origin; Source: according to Wenhui Wei

Source countries/regions	1996	1998	1999	2000
Hong Kong, China	50	42	40	38
Virgin Islands, UK	0	9	7	9
United States	8	9	10	11
Singapore	0	8	7	5
Japan	9	8	7	7
Taiwan, China	8	7	6	6
Korea, South	0	4	3	4
Germany	0	2	3	3
Netherlands	0	2	1	2
France	1	2	2	2
Others	24	7	14	13

China's trade

- Exports have increased in parallel with the modernisation of the economy. While China's share of total world exports failed to reach even 1% in 1970 (0.71%), it had become the main exporter in the world in 2015 and imported 10.06% of all imports (the third largest importer). (WTO)



China

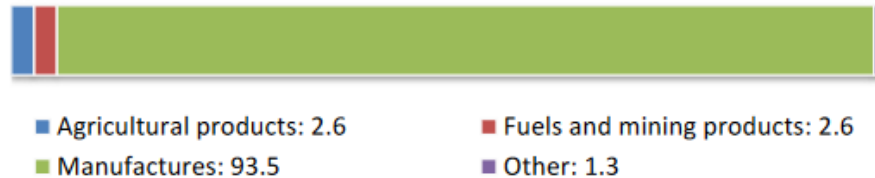
GDP (million current US\$, 2022)	18 100 044	Rank in world trade, 2022	<u>Exports</u>	<u>Imports</u>
GDP per capita (US\$, 2020-2022)	11 970	Merchandise	1	2
Current account balance (% GDP, 2022)	2.3	excluding intra-EU trade	1	3
Trade per capita (US\$, 2020-2022)	2 214	Commercial services	3	2
Trade (% GDP, 2020-2022)	18.5	excluding intra-EU trade	4	3

MERCHANDISE TRADE

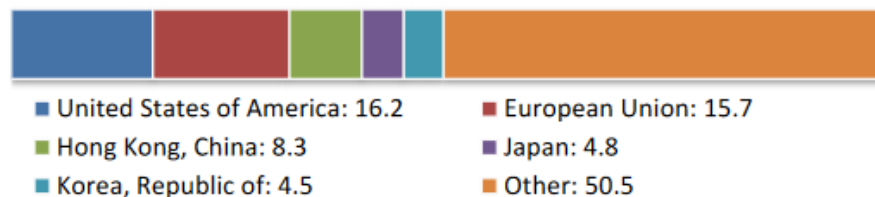
Million US\$	Value	Annual percentage change		
	2022	2010-2022	2021	2022
Merchandise exports, f.o.b.	3 593 523	7	30	7
Merchandise imports, c.i.f.	2 716 151	6	30	1
	<u>2022</u>			<u>2022</u>
Share in world total exports (%)	14.42	Share in world total imports (%)		10.58

Breakdown in economy's total exports

By main commodity group, % (2021)

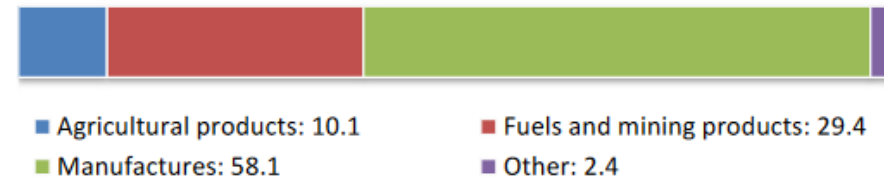


By main destination, % (2022)

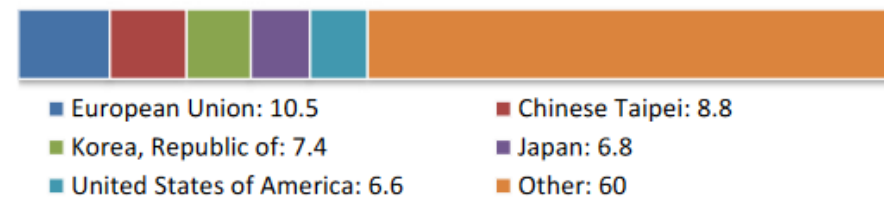


Breakdown in economy's total imports

By main commodity group, % (2021)

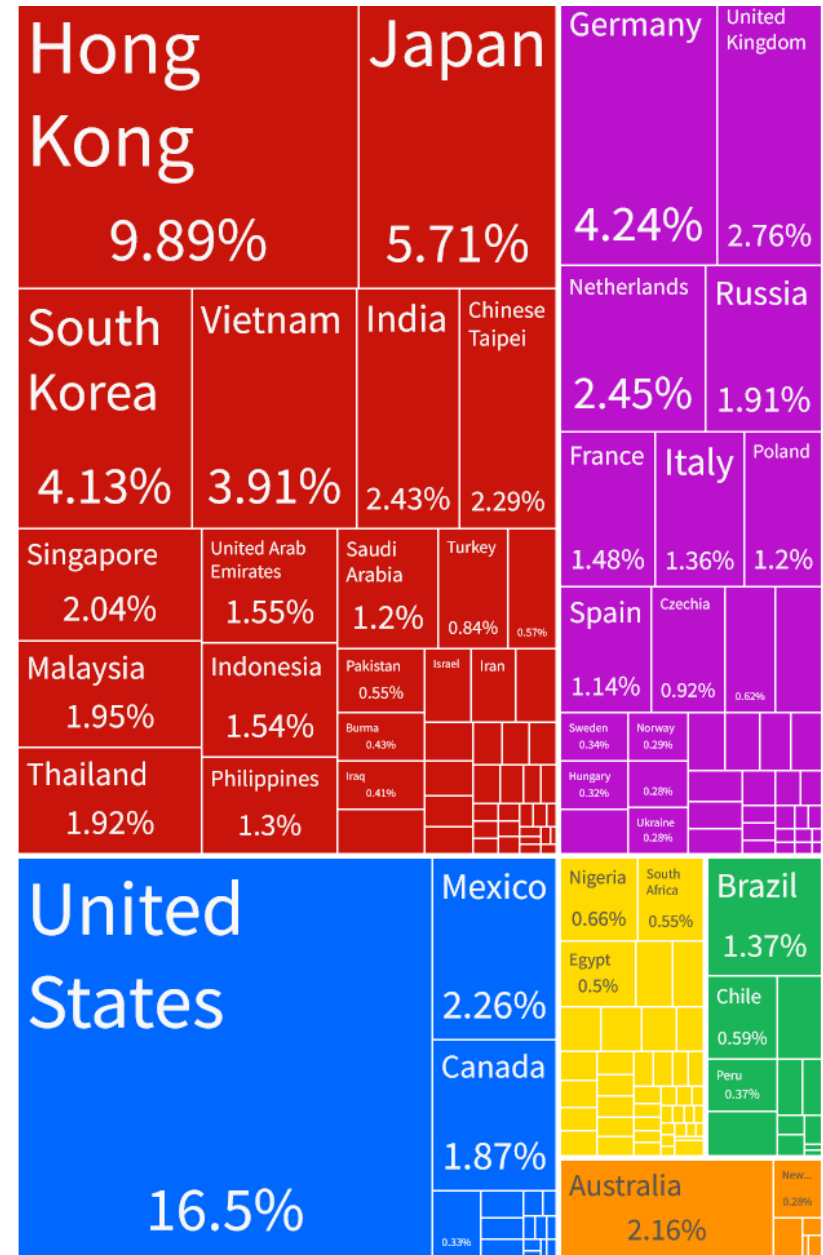
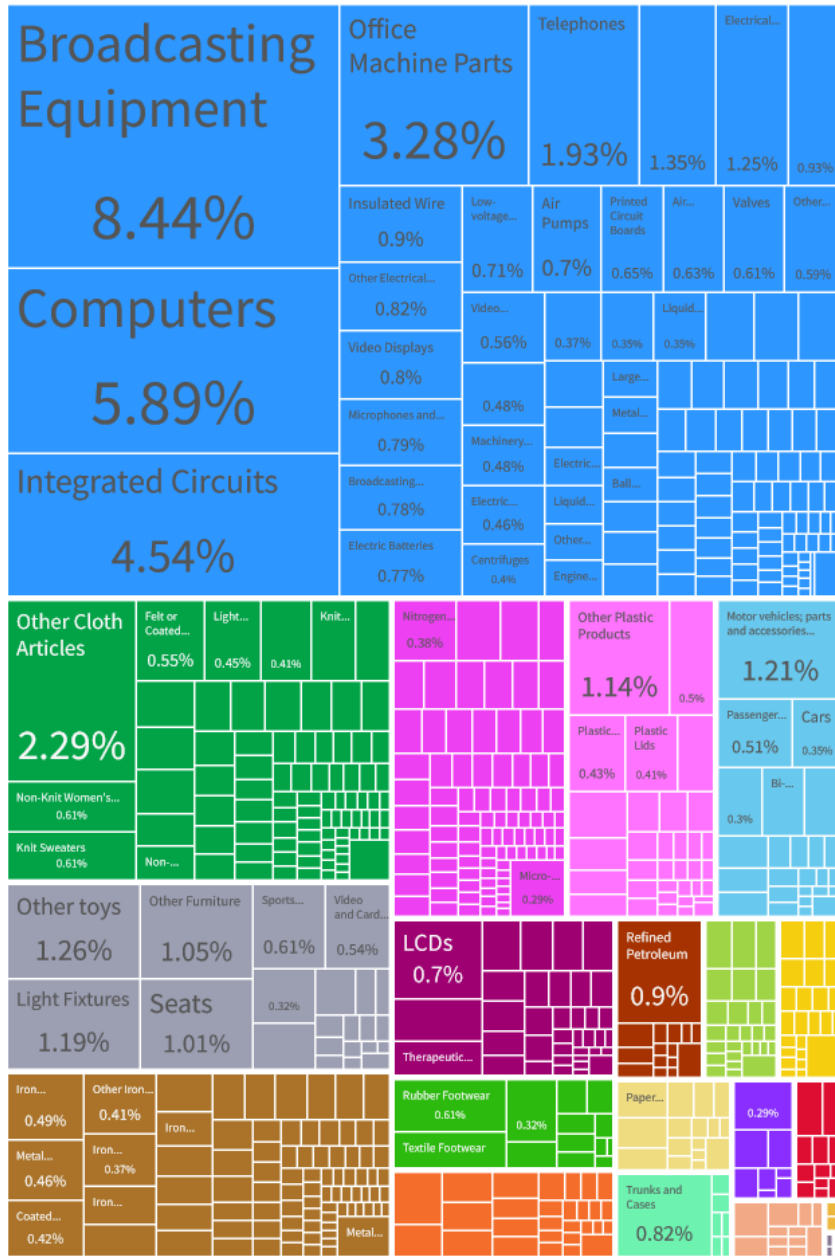


By main origin, % (2022)



China's export products and destinations (2020)

Source: Observatory of Economic Complexity



Chinese companies in Global 500



RANK	NAME	REVENUES (\$M)	REVENUE PERCENT CHANGE	PROFITS (\$M)	ASSETS (\$M)	PROFITS PERCENT CHANGE	EMPLOYEES
2	Sinopec Group	\$414,649.90	26.8%	\$5,845.00	\$329,186.30	280.1%	619,151
4	China National Petroleum	\$392,976.60	20.5%	\$2,270.50	\$601,899.90	-	1,382,401
5	State Grid	\$387,056.00	10.9%	\$8,174.80	\$572,309.50	-14.3%	917,717
21	China State Construction Engineering	\$181,524.50	16.3%	\$3,159.50	\$272,768.80	18.1%	302,827
26	Industrial & Commercial Bank of China	\$168,979.00	10.4%	\$45,002.30	\$4,034,481.60	6.3%	449,296
29	Ping An Insurance	\$163,597.40	13.5%	\$16,237.20	\$1,040,383.40	23.2%	376,900
31	China Construction Bank	\$151,110.80	9%	\$38,498.40	\$3,382,421.70	7.4%	366,996
36	Agricultural Bank of China	\$139,523.60	14%	\$30,656.50	\$3,293,105.00	7.4%	477,526
39	SAIC Motor	\$136,392.50	5.9%	\$5,443.80	\$114,011.70	6.9%	147,738
44	Bank of China	\$127,714.10	10.6%	\$27,225.20	\$3,097,612.00	6.7%	310,119
51	China Life Insurance	\$116,171.50	-3.4%	-\$2,566.90	\$580,331.60	-1063.10%	175,077
55	China Railway Engineering Group	\$112,132.70	9.1%	\$1,240.90	\$137,914.20	6.1%	307,992
56	China Mobile Communications	\$112,096.00	1.8%	\$11,745.30	\$255,216.60	7.4%	462,046



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Challenges...

Back Into the Shadows

Off-balance-sheet financing revives as PBOC tightens loans

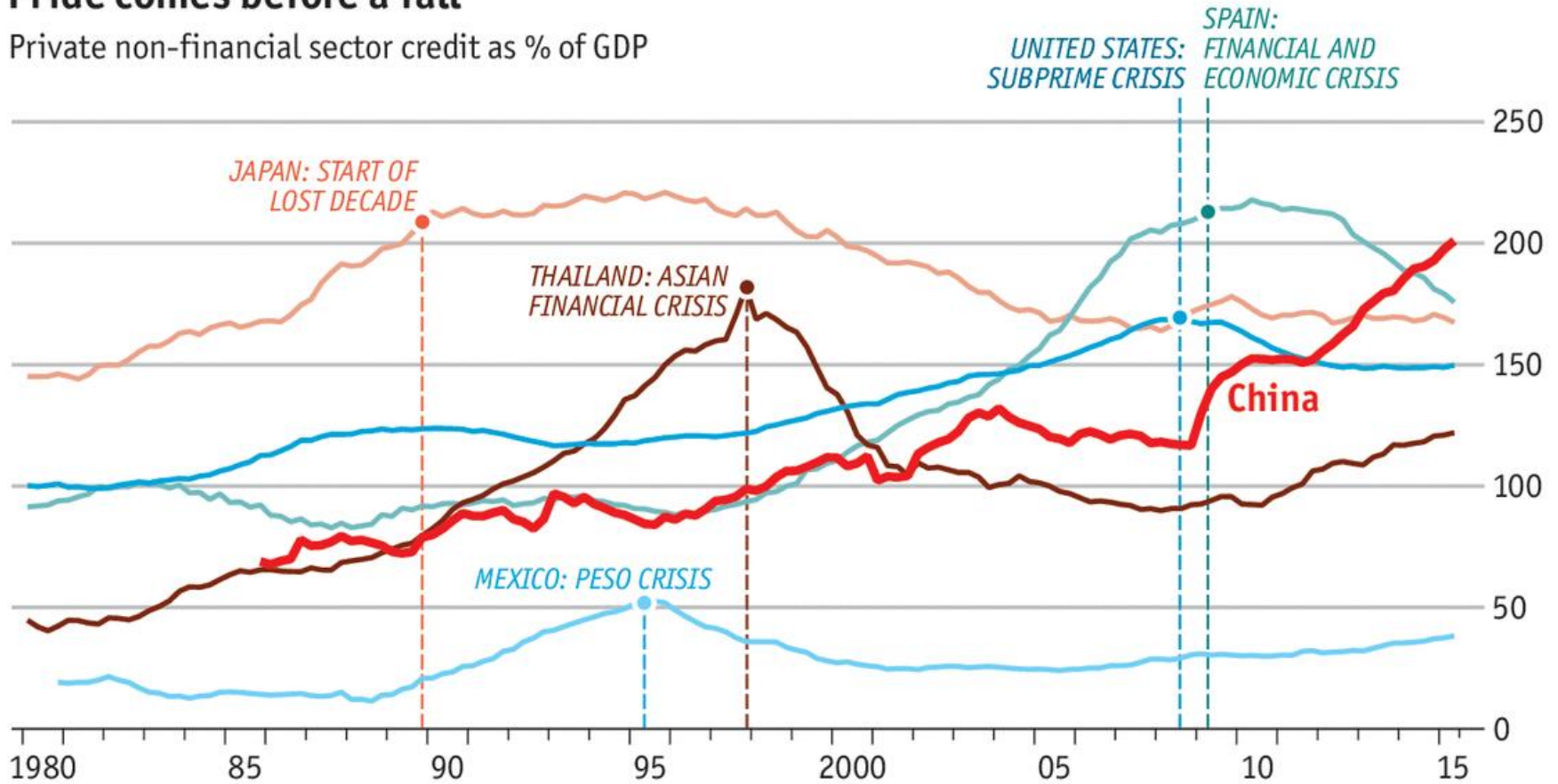


INTERNET



Pride comes before a fall

Private non-financial sector credit as % of GDP



Source: BIS

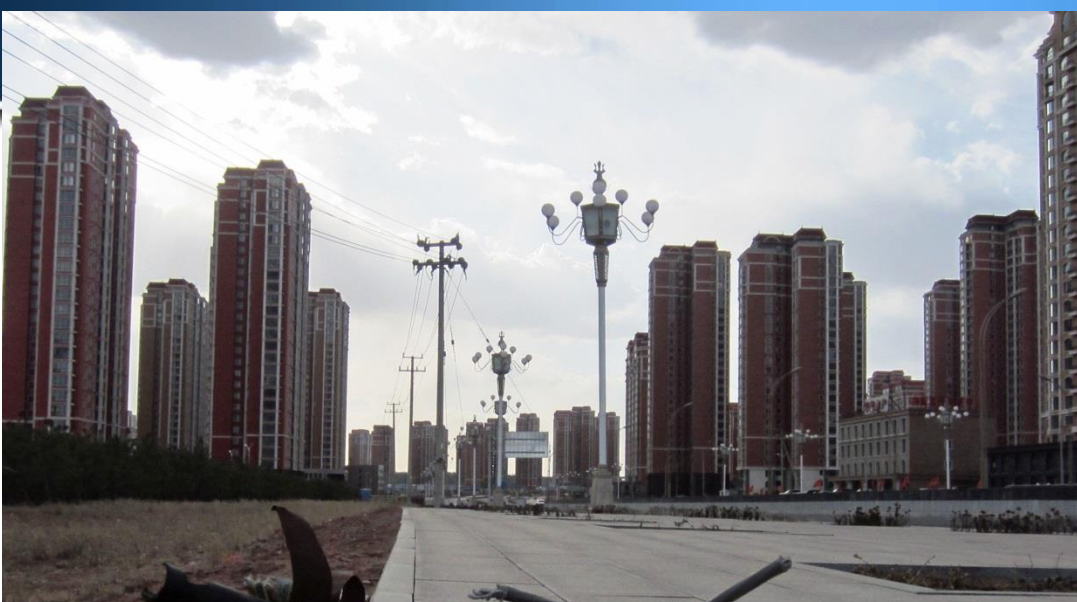
Economist.com

Darkside of Chinese construction business



<http://www.businessinsider.com/lu-dadao-chinese-infra>

<http://www.dailymail.co.uk/news/article-1339536/Ghost-towns-China-Satellite-images-cities-lying-completely-deserted.html>



<http://www.businessinsider.com/chinas-ghost-cities-in-2014-2014-6>



<https://nextshark.com/caojiawan-subway-stop-china/>

<http://www.thebohemianblog.com/2017/07/naypyidaw-myanmar-ghost-city-capital.html>

One Road One Belt – corridors Belt and Road Initiative



*First name: Silk Road Economic Belt and 21st-Century Maritime Silk Road
Development Strategy*

Reasons:

- Trans-Pacific Partnership (TPP)
- Hillary Clinton (2011) „*Pivot to Asia*” concept
- Pax Americana → Pax Sinica

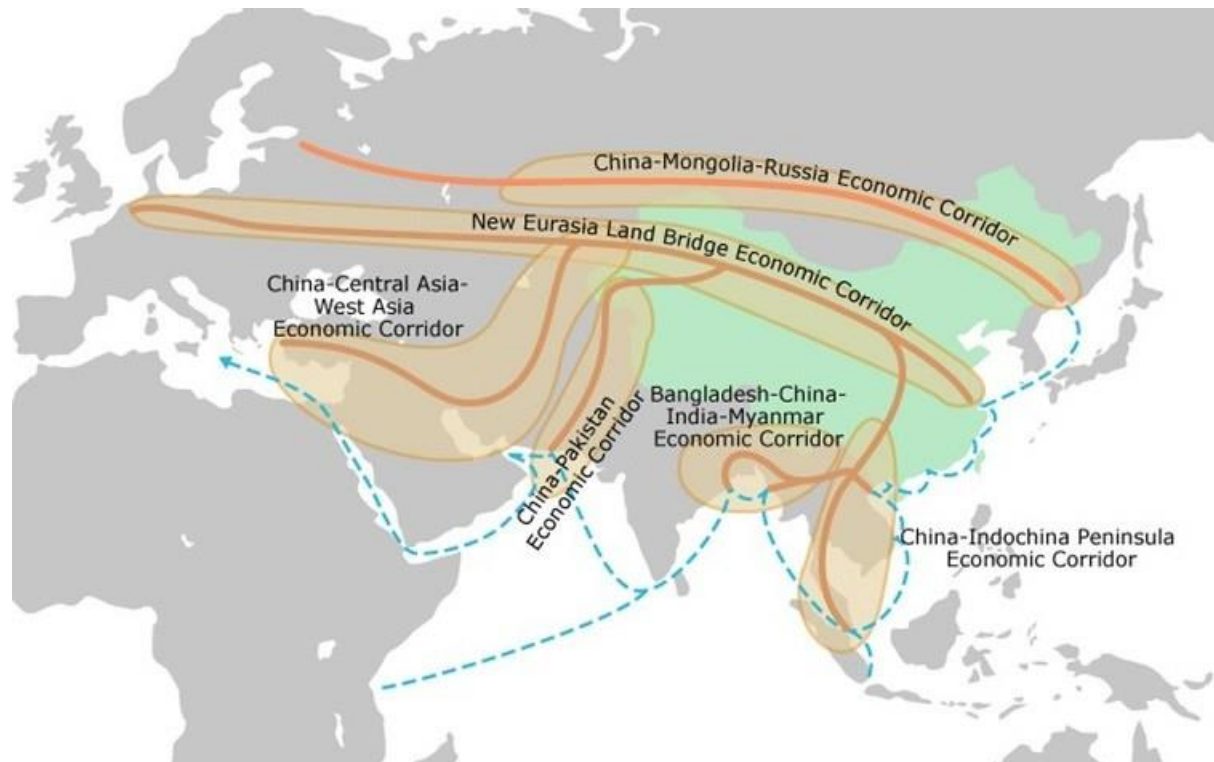
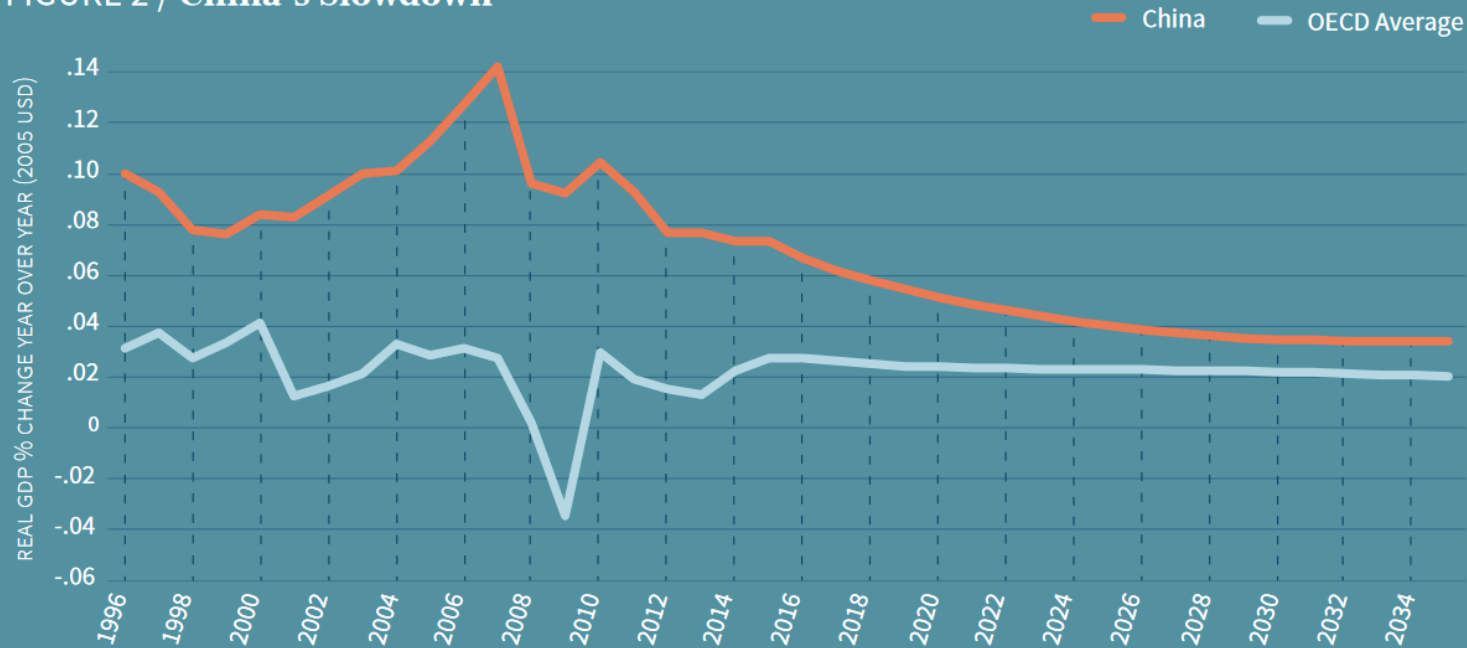


FIGURE 2 / China's Slowdown



Note: Data is pre-Covid-19. Source: "Real GDP Long-Term Forecast," OECD, <https://data.oecd.org/gdp/gdp-long-term-forecast.htm>.



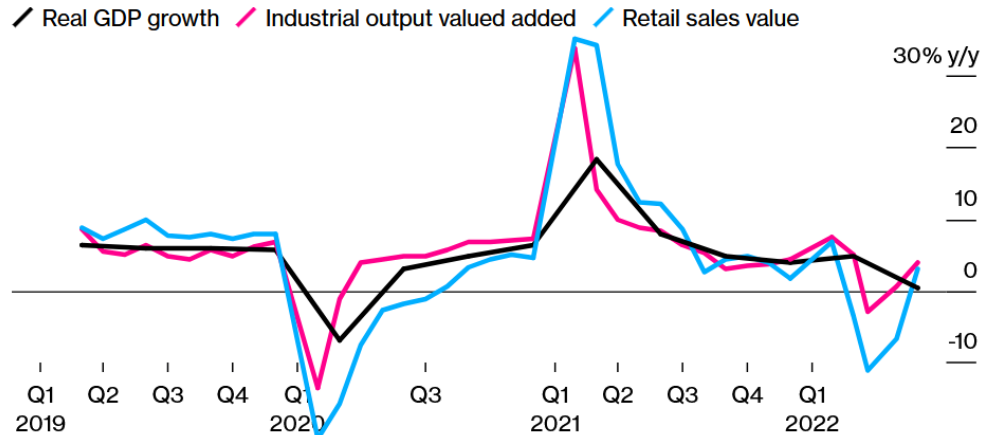
VILÁG- ÉS REGIONÁLIS

Source: CSIS (2020): Key trends in the global economy through 2030

<https://www.bloomberg.com/news/articles/2022-07-15/china-s-economy-expands-at-slowest-pace-since-wuhan-outbreak>

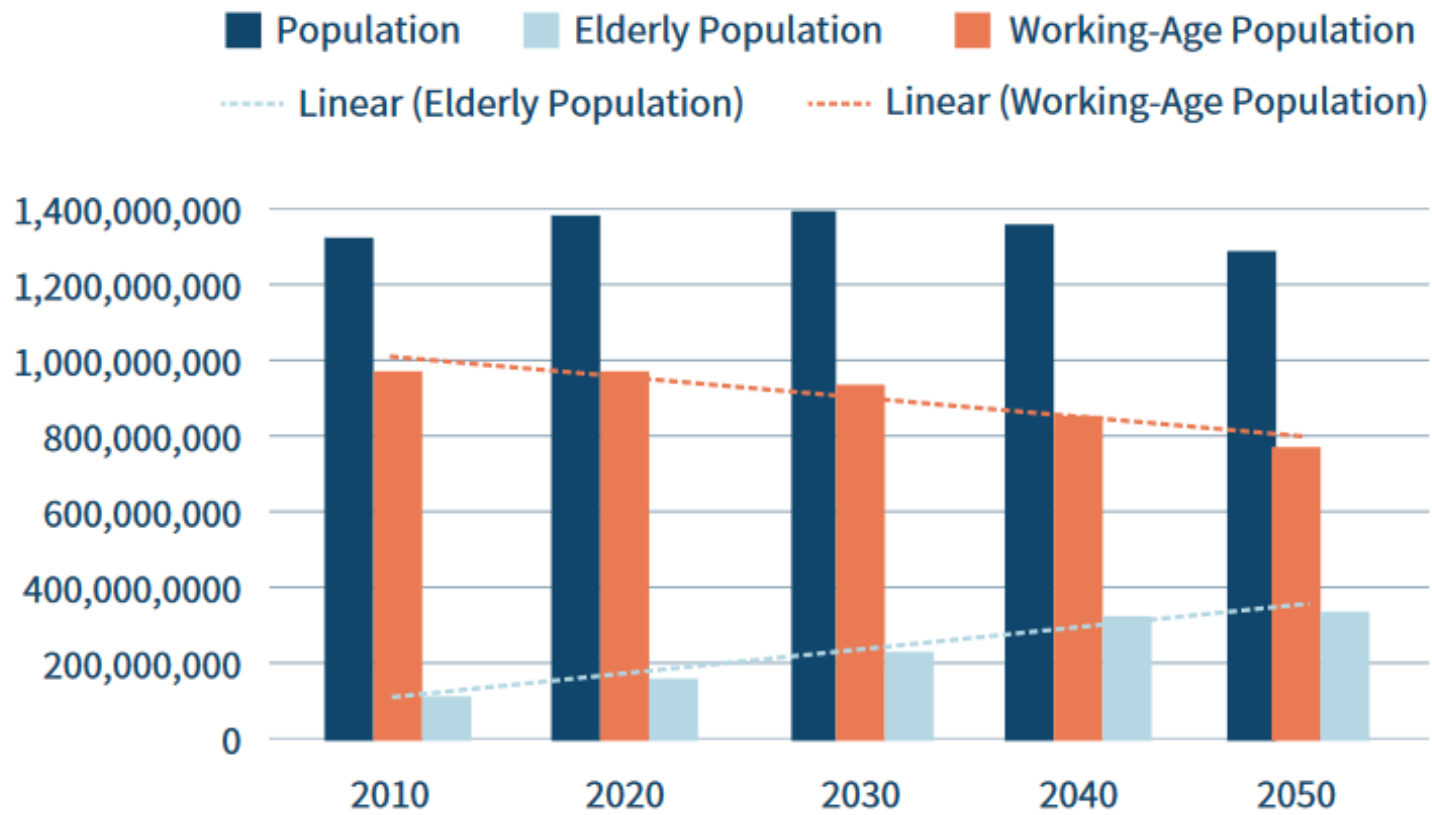
Growth Slows

China's economy expands slowest since Wuhan lockdown



Source: National Bureau of Statistics
Note: February data shows combined results for Jan.-Feb.

FIGURE 6 / China's Demographic Dilemma



Source: U.S. Census Bureau.

Source: CSIS (2020): Key trends in the global economy through 2030



Summary

- **China was the world's largest economy in 1820 – and is the second largest economy today**
- **China lifted more people out of poverty than any other country**
- **China experienced a marked slow-down of GDP growth**
- **The private sector is the main driver of growth and employment**
- **China is developing middle class consumers**
- **The growth slow-down is dampening industrial output and State-Owned Enterprise profitability**
- **China is the world's largest exporter and the second largest importer of merchandise goods**
- **China is the second largest provider and the top receiver of foreign direct investment (FDI)**
- **China has a clear path forward**

China's Post-Pandemic GDP Growth Disappoints

Quarterly real GDP growth of China (year-over-year; seasonally adjusted)



Sources: National Bureau of Statistics of China, OECD